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TAGS: [EAID](#) [PREL](#) [CY](#)
SUBJECT: CYPRUS: TURKEY CHANGE OF STATUS AT EBRD

REF: STATE 41999

(U) This cable is sensitive but unclassified. Please protect accordingly.

¶1. (SBU) Per reftel request, Post conveyed on April 22 the USG's position concerning Turkey's application to change its membership status in EBRD to Kyriacos Kakouris, Senior Economic Officer, Ministry of Finance. Kakouris said he saw merit in the USG's proposal for an accelerated six-month strategic review of the EBRD's mandate. He noted that former Finance Minister Sarris had made a similar proposal last year for a review of the EBRD's role.

¶2. (SBU) However, Kakouris was less supportive of the USG's position to examine Turkey's application in the context of such an accelerated strategic review. Despite all the politics surrounding Cypriot-Turkish relations (Turkey's refusal to recognize the GOC, its ban on Cypriot shipping, and its blocking of Cypriot membership in OECD), the GOC seems determined to follow EU consensus on this issue, which gravitates in favor of Turkey's application to change its EBRD membership status.

¶3. (SBU) Kakouris clarified that no written guidance had come out of ECOFIN yet on this but that he expected ECOFIN to support Turkey's application to change its EBRD membership status. Unless the GOC's MFA voices strong objections against this position (which we do not anticipate), the GOC seems determined to follow ECOFIN's final recommendation, whatever that may be. Nevertheless, the GOC remains willing to consider all views on this issue and fully intends to participate in formal discussions at the EU and EBRD levels.

SCHLICHER